WCB SASKATCHEWAN WORKERS' COMPENSATION BOARD

ANNUAL REPORT 2004

Those we serve and those we work with are treated with respect and consideration

We will provide the right service, at the right time

Injured workers and employers deserve excellent service

The WCB is guided by its corporate values in all of its decisions

Our programs and services are easy to access and to understand

VISION / MISSION STATEMENT

The Saskatchewan Workers' Compensation Board's mission and sole purpose is to serve injured workers and their employers. Our vision is to excel in the development and delivery of workers' compensation and injury prevention programs and services.

In support of our mission and vision we will:

1. Provide the right service, at the right time, and be cost-effective in our processes.
2. Act with dignity and treat everyone with respect.
3. Conduct our business in a fair, open, honest and professional manner.
4. Bring about positive relationships with workers, employers, and others affected by the workers' compensation system.
5. Communicate our distinct identity, benefits and values.
6. Expect and recognize individual and corporate achievements and contributions to our workplace.
7. Ensure the financial integrity of the Workers' Compensation Board.

STATEMENT OF BELIEFS

The Statement of Beliefs is rooted in the Meredith Principles and describes what the WCB holds to be true about Saskatchewan's compensation system, our stakeholders, and the nature of our relationships with workers, employers and the people of Saskatchewan.

Our corporate beliefs are:

1. Injured workers and employers deserve excellent service.
2. Workers, employers, and others deal with us honestly.
3. Employers care about their employees and care that their employees receive excellent service.
4. The WCB's future relies on positive relationships built on trust, understanding and co-operation in our programs and decisions.
5. WCB employees want to excel in customer service.
6. The WCB is guided by its corporate values in all of its decisions.

VALUES STATEMENT

Our corporate values are the standards by which our actions and decisions are to be considered and judged by others.

1. **Dignity** – those we serve and those we work with are treated with respect and consideration.
2. **Fair** – those we serve and those we work with are treated equally and without prejudice or bias.
3. **Honest** – those we serve and those we work with are treated truthfully.
4. **Open** – our programs and services are easy to access and to understand. Our decisions and actions are clear, reasonable and open to examination.

We will provide the right service at the right time.

The WCB is guided by its corporate values.

THE MEREDITH PRINCIPLES

The Meredith Principles were articulated by Sir William Meredith in Ontario in 1913 and later adopted by all Canadian provinces and territories. Saskatchewan's compensation system began with these Meredith Principles in 1930 and has continually reaffirmed their importance.

The Meredith Principles ensure that the compensation system contributes to social and economic stability, and positively affects quality of life in Saskatchewan.

1 No fault compensation: every work-related injury is covered regardless of who is to blame – the employee, employer or co-worker.

2 Security of benefits: the system shall be fully funded to ensure that there are sufficient funds to meet current and future costs arising from work injuries.

3 Collective employer liability: all employers contribute to the system based on industry groupings, thus ensuring certainty of payment for injured workers and removing the risk of bankruptcy for employers.

4 Independence of the Board: the system shall be governed by an independent Board which can fairly serve and respond to the needs of workers and employers without partisan political influence.

5 Exclusive jurisdiction: the Board has exclusive jurisdiction so that each claim can be considered on its individual merits and benefits can be provided promptly without the need to sue for damages.

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We will conduct our business fairly, openly, honestly and professionally

YEAR AT A GLANCE

	2004	2003	2002	2001	2000
Number of workers covered[1]	325,565	309,362	306,518	308,719	306,469
Lost time claim rate (per 100 workers)[2]	4.40	4.81	4.95	4.79	4.71
Number of claims reported	37,715	38,919	39,821	38,240	37,717
Number of lost time claims accepted[2]	14,329	14,876	15,174	14,786	14,433
Permanent Functional Impairment awards	431	469	484	407	443
Fatal claims accepted	26	26	16	29	35
Number of appeals filed					
Appeals Committee	1,077	1,081	979	826	873
Board Level	284	240	297	246	201
Return to work percentages[3]					
Secondary treatment centres	87%	85%	88%	91%	84%
Tertiary treatment centres	82%	79%	84%	84%	85%
Claims costs ($ millions)	210.9	199.2	†221.1	†239.3	†146.0
Active employer accounts[4]	32,125	31,630	31,327	31,225	31,657
Premium revenue ($ millions)	221.0	177.6	†154.4	147.8	124.8
Average actual premium rate (per $100 of insurable earnings)[5]	2.05	1.81	1.65	1.57	1.61
Investment revenue ($ millions)	35.7	48.0	46.0	72.0	105.6
Benefits liabilities ($ millions)	836.5	801.8	778.5	700.5	†631.1
Reserves and Injury Fund (excluding AMVA) ($ millions)	(9.5)	(51.4)	(43.5)	50.0	†105.8
Reserves and Injury Fund, including AMVA ($ millions)[6]	52.7	N/A	N/A	N/A	N/A

[1] Full-time equivalent workers are based on Statistics Canada average wage and WCB payroll information as of December 31st. 2004 full-time equivalent workers based on estimate of both average wage and payroll information.

[2] Number of lost time claims and the lost time claim rate are as at December 31st.

[3] Return-to-work percentages are now calculated to represent actual returns to the job plus work readiness. Previous year figures have been changed to reflect new data calculations.

[4] Includes active employers as at December 31st.

[5] All years, except for 2004, are actual rates. 2004 is a provisional rate.

[6] Accumulated Market Value Adjustments (AMVA) is the fund created by Board policy starting in 2004 as a result of changes to accounting standards related to accounting for investments. Investments are recorded at fair market value and the AMVA represents unrealized gains (fair market value less carrying value) recorded in these investments.

† Certain comparative figures have been changed to conform to the current year's presentation.

105-04301/

LETTERS OF TRANSMITTAL

The Honourable Lynda Haverstock
Lieutenant Governor
Province of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report of the Workers' Compensation Board for the Calendar Year 2004.

Debra Higgins
Minister of Labour

The Lieutenant Governor in Council:

We are pleased to submit the seventy-fifth Annual Report of the Workers' Compensation Board for the year ending December 31, 2004.

Respectfully submitted,

John Solomon, Chairman

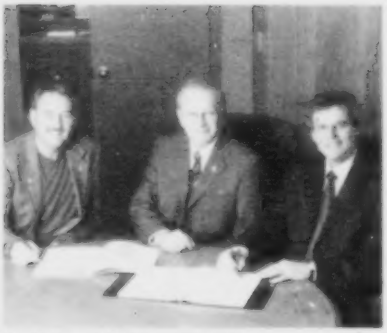
N.J. Brown, Board Member

Walter Eberle, Board Member

CHAIR'S MESSAGE

The past few years have tested the capacity of the WCB's strategic plan to guide us through the turbulence of unpredictable external forces. Last year's performance demonstrated the soundness of that plan, as we marked a turning point in our results.

The WCB's business environment a short while ago was characterized by an accelerating injury rate, rising compensation costs and flat investment returns, resulting in an accumulated operating shortfall. These circumstances led the Board to direct depletion of the Injury Fund, and to ask employers to help recover the shortfall with premium increases for 2003 and 2004, and with an additional charge on their premiums over the next 15 years. Under these difficult conditions, the determination to succeed won out the day – and we have ended 2004 recording an operating surplus.



WCB Board Members l. to r.
Walter Eberle, Worker Representative;
Norm Brown, Employer Representative;
John Solomon, Chairman

Could we have weathered these trials without a plan to steer by? The WCB's results for 2004 speak for themselves. Continued focus on the Board's strategic objectives for excellent service, financial integrity and effective processes led to control of claims costs that, combined with stability in investment markets, characterized the year's improved financial performance. Because of this, we were able to move off our decision to increase premiums over the short-term, with the announcement of a 3.9% reduction in employer rates for 2005.

But within a system as complex and dynamic as our program for workers' compensation, there will always be new challenges to identify and conquer. That is why the Board has undertaken a comprehensive enterprise risk management strategy. This strategy will coalesce the work already done to identify and reduce business risks so as to lessen the external and internal impediments to the success of the strategic plan.

This financial report reflects a challenge to the consistency of our reporting mechanisms, with the introduction of new accounting principles articulated by the Canadian Institute of Chartered Accountants related to the way we account for and report on investments. According to these principles, we must abandon our long-standing practice of using a five-year smoothing method to record our investments and our investment income. Under the new requirements, investment income is to be recognized as earned and our investments recorded at market value. The resulting unrealized gains or losses must be accumulated within our equity as we recognize the changes in the market value of our investments. By WCB Board policy, these unrealized gains and losses will be held as the "Accumulated Market Value Adjustments." The balance will not be considered in determining our funded status or in determining premium rates or rebates; nor will it be considered in determining benefit levels.

The Saskatchewan WCB's ability to meet challenges such as these is characterized in our record of accomplishments for 2004, with our organization continuing to take its place among the best boards in Canada. Proof of this position comes in these cross-jurisdictional performance measures: the third-lowest actual average premium among the provinces; virtually the lowest administrative cost per time loss claim; the shortest wait time for Board-level appeals; and the second lowest average composite duration of claims.

But here is the accomplishment that I believe outweighs any other success so far: the reduction in Saskatchewan's injury rate.

Besides the tragedy of human suffering, increasing injuries also push up costs, inevitably placing a higher premium burden on employers and threatening the ability to provide services to workers. By the end of 2002, this province's injury rate was a staggering 4.95 per cent — the second-highest in the country, and a 21-year high for Saskatchewan.

That dismal statistic became the Board's call to action. An updated Vision/Mission statement emphasized injury prevention, echoed in the corporate objective to reduce the province's workplace injury rate to 4.00 per cent by the end of 2007.

Key partners were identified and mobilized – most notably, Saskatchewan Labour in partnership with the WCB in ***WorkSafe Saskatchewan***, and the Saskatchewan Safety Council, spearheading ***Safe Saskatchewan***, in which the WCB is a founding partner.

These programs, and the important role they play in messaging to both targeted and public audiences about safety in all aspects of life, have had nothing less than remarkable impact.

In the brief period since its inception, ***WorkSafe Saskatchewan*** public awareness has already convinced more than 30 per cent of the Saskatchewan public to be safer on the job. These same people also report their belief that workplaces have become safer as a result of injury prevention campaigns. ***Safe Saskatchewan*** has seen leaders from both the public and private sectors join forces in combating unintentional injuries – one of the leading causes of hospitalizations across Canada, and costing an estimated $1 billion each year to the Saskatchewan economy alone.

The best proof is in the injury rate. At the end of 2004, Saskatchewan's injury rate was 4.40 per cent – an exceptional result that we could not have predicted at the beginning of this journey.

How do we sustain our success?

The WCB must continue our commitment to partnerships, both internally and externally: consultation and joint planning with stakeholders; team-based service delivery; and client-centered services that take into account customer expectations.

We must be mindful that the investment market remains uncertain over the short-term, and we can't expect windfall investment income like that of the late '90s to help sustain our financial performance.

Most importantly, we must continue to reaffirm our actions through our strategic plan. The Board members are confident that the strategy set for this organization will lead us to the destination enshrined in our Vision: **to excel in the development and delivery of workers' compensation and injury prevention programs and services.**

John Solomon
Chairman

CEO'S MESSAGE

This annual report shows continued improvement in the Saskatchewan WCB's financial and operational results. Reporting an operating surplus of $11.7 million is a dramatic improvement over the $93.5 million shortfall reported only two years ago. Our goal of fully funded status is clearly in sight.

While investment performance has improved significantly since the plummeting markets of 2002, investment income is still a far cry from the $105 million reported in 2000.

Continued focus on case management and return-to-work have further reduced claim durations by 1.6 days, with an accompanying 12.4 per cent reduction in short-term wage loss costs over the past two years. Improved processes have contributed to a reduction in health care costs and careful management continues to keep administrative costs in check.

Equally significant is the reduction in injury frequencies. For the second consecutive year, we have seen a reduction not only in the number of time loss claims, but in the provincial injury rate, as well. At 4.40 per cent, this is a dramatic reduction from the 21-year high of 4.95 per cent reported in 2002. These operational outcomes directly result in improved financial performance.

WCB Executive, l. to r.: Graham Topp, Vice-President, Operations; Donna Kane, Vice-President, Human Resources and Team Support; Gail Kruger, Vice-President, Prevention, Finance and IT; Peter Federko, Chief Executive Officer

The WCB's financial position at December 31, 2004 is significantly influenced by new accounting standards introduced by the Canadian Institute of Chartered Accountants (CICA). The Management Discussion and Analysis explains in detail the impact of these new accounting rules.

Briefly, the CICA requires that all WCBs stop using the five-year smoothing practice for recording investments and investment income. Rather, WCBs are now required to recognize only investment income as it is received and gains and losses when realized. The financial position, however, must recognize the full market value of investments at year-end. The difference between the carrying value and market value of investment flows through to the surplus of the organization, however, this "surplus" of unrealized gains is not available for funding purposes. This volatile balance changes with each change in the market value of the investments held and will not be considered in determining our funded status, premium rates, or benefit levels.

For management purposes, our quest for fully funded status will continue to be monitored on the basis of Board policy, disregarding the accumulated unrealized gains and losses resulting from the adjustment to investments to reflect their market value. On this basis, we continue to fund 100 per cent of our legislated requirements.

Injury prevention continues to be the single largest opportunity for improved financial position and reduced premium rates. At 4.40 per cent, our injury rate continues to be almost double the national average and second highest in the country. Nonetheless, our goal of a 4.00 per cent injury rate by 2007 is definitely within reach. But we must strive together to even better this result, since there is a direct relationship between injuries and costs.

We must continue our focus on injury prevention as a central priority.

The partnership between the WCB and Saskatchewan Labour, known as ***WorkSafe Saskatchewan***, is proving this out. Measurements of public awareness of ***WorkSafe Saskatchewan's*** messages have shown not only acceptance of injury prevention as an important issue but that respondents are actually taking personal responsibility for reducing on-the-job injuries.

Efforts to galvanize Saskatchewan employers behind injury prevention programs are also showing their worth. ***WorkSafe Saskatchewan*** representatives have been forging relationships with employers recognizing the benefits of safety programs; and a working group will roll out a pilot project for the health care sector this year targeting lifting injuries.

Accelerating the rate of reducing injuries requires a change in attitude about their acceptability. Injuries are not "accidents" – they are predictable and preventable incidents. We believe that a change in societal attitude toward injuries in general will have an impact on attitudes toward the prevalence of injuries specific to the workplace.

That is why the WCB is also playing a pivotal role in ***Safe Saskatchewan***, the Saskatchewan Safety Council's program to make preventing unintentional injuries a public priority. As a partner in ***Safe Saskatchewan***, the WCB believes that the consequences of an unintentional injury happening away from work are as great to an employer as if they had happened on-the-job. For example, a slip or fall at home costs workplaces in absenteeism and lost productivity, in addition to the costs directly attributable to health care for treating the injury.

Safe Saskatchewan sponsors cross all sectors in a unique partnership, sharing the belief that keeping people safe at work, at home, at play, on the farm and on the road is the best way to reduce what amounts to a $1 billion burden to Saskatchewan's economy each year.

The past year's strengthening operational and financial performance should spark confidence in the year to come. We have enhanced many of our internal processes so that their continued smooth functioning will help keep our administrative costs in check. Our formal relationship strategy will see closer ties to the stakeholders sharing our interest in the compensation system. We will continue to actively pursue both internal and external claims management strategies, highlighting workplace injury prevention. We will create better links between employers, workers, their representatives and the health care community in building safe, effective return-to-work plans.

By diligently focusing on the matters that are under our control, and by continuing to partner with our stakeholders, we can reinforce our ability to stand up to the challenges of managing a complex compensation system in what is often a turbulent business environment.

Peter Federko, C.A.
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

2004 Financial Highlights

The Management Discussion and Analysis is an integral part of the Workers' Compensation Board's annual report, providing further insight into the organization's operations and financial position. The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes.

The WCB showed significant improvement in its financial performance last year, ending 2004 with a net operating surplus of $11.7 million. This compares to 2003's shortfall of $7.9 million. This improvement is the result of a $31.2 million increase in revenues, which offset a modest increase of $11.6 million in expenses.

Revenues increase by 13.8%

The WCB's revenue is derived from two sources: premium revenue and investment income. In 2004, revenues totaled $256.8 million, a 13.8% increase over 2003 revenues of $225.6 million.

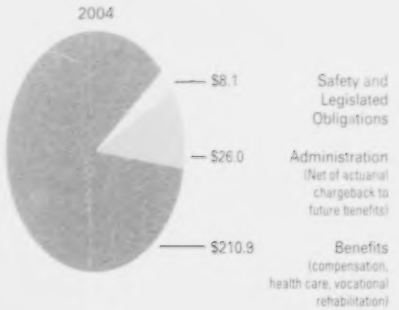
Premiums

A 12.0% increase in the average provisional premium rate from $1.83 to $2.05, as well as a 4.7% increase in reported payroll (due to an increase in economic activity and a legislated increase to the maximum insurable earnings, from $51,900 to $53,000) resulted in higher premium revenue of $221.0 million in 2004. This is a 24.4% increase over last year's premium revenue of $177.6 million.

Another contributor to 2004's increased premium revenue was the introduction of the Experience Rating Program. Replacing the Merit/Surcharge Program, this program continues to reward employers for their positive claims experience with discounts and penalizes them when their claims experience is poor. However, under the Experience Rating Program, the rebates and penalties are built in to employers' current-year premium assessment. Previously, discounts were applied separate from the premium assessment at a different time of year. Before this change, the WCB was paying out approximately $9 million more in rebates than the $4 million it was collecting in surcharge penalties, which decreased premium revenue by $9 million. Now that 2005 discounts and premium penalties will become part of next year's employer assessments, the $9 million previously allocated to rebates stays

SOURCES OF REVENUE ($ MILLIONS)

ALLOCATION OF EXPENSES ($ MILLIONS)



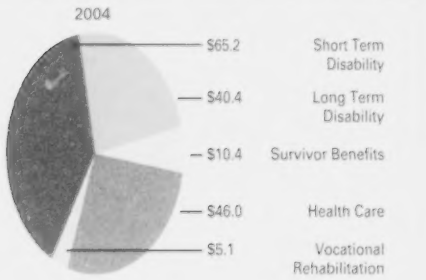
in 2004 premium revenue. In future years, the experience rating program will be revenue neutral, with surcharges roughly equaling discount amounts.

Investment Income

The WCB ended the year with a 25.5% decline in investment income, from $48.0 million to $35.7 million. The $35.7 million investment income reported in the Statement of Operations represents $20.3 million of interest and dividends on investment holdings, while $15.4 million is the net amount of gains from the sale of investments. Recorded 2004 income reflects the accounting policy adopted by all Canadian WCBs under the Canadian Institute of Chartered Accountants' (CICA) Generally Accepted Accounting Principles (GAAP) as outlined in the CICA Handbook.

PROGRAM EXPENSES ($ MILLIONS)

Excluding actuarial adjustments – see Note 10 in the financial statements



Investment income is an important revenue stream for the WCB – one that is relied upon to supplement premiums to cover total expenses for the year. Built into the valuation of the benefits liabilities and into the premium rate setting model is the long term assumption that the WCB's investments will grow at an annual rate of 7%. In 2004, the investment return was 10.9% at market; the difference between the actuarial requirement and the actual investment return represents a 3.9% excess of investment income for the period.

Starting in 2004, WCBs across Canada started recording investment income under a new section of the CICA Handbook. Section 3855, Financial Instruments – Recognition and Measurement, requires that with the exception of unrealized gains and losses, all gains and losses on financial instruments such as the WCB's bond and equity investments be measured at "fair value" and recognized in the periods in which they occur. Unrealized gains and losses are now disclosed in the Statement of Surplus as market value adjustments.

Within the Statement of Surplus (Deficiency in Assets), $56.5 million is disclosed in the Total column. This includes the WCB's net operating surplus of $11.7 million as well as $44.8 million of net unrealized gains and losses that are disclosed in the Accumulated Market Value Adjustments column.

The gains and losses realized throughout the year as investments are sold are shown as part of investment income in the Statement of Operations and therefore netted out from the unrealized gains and losses, which occur through an increase or decrease in the market value of the investments. Since these investments have not been sold, these increases or decreases have not been realized and are not included as part of investment income but are accumulated in surplus until they are sold and the gain or loss can be recognized in investment income.

Prior to adoption of Section 3855, gains and losses from both realized and unrealized investments were smoothed into investment income over five years, which mitigated wide fluctuations in annual investment earnings. Continued use of this accounting treatment, which is now only available to life insurance companies, would have seen the WCB reporting investment income of $39.2 million for 2004.

Expenses Increase by 5.0%

The WCB has three main categories of expenses: claim costs, administration and legislated obligations. In 2004, expenses increased by $11.6 million, or 5.0% from $233.4 million to $245.0 million.

Claim Costs

Claim costs are made up of two components: the actual amounts spent on programs throughout the year, and the increase in the WCB's benefits liabilities, which forecasts the amount required to pay the future costs of today's claims. In 2004, these costs totaled $210.9 million, a 5.9% rise over the $199.2 million spent the year previous.

The program component of claim costs consists of the amounts spent on compensation to injured workers, the health care services provided to injured workers, and any vocational rehabilitation required to return injured workers to meaningful employment. In 2004, program expenditures were $167.1 million, only $0.2 million higher than 2003's expenditures of $166.9 million. Administration costs for adjudicating and managing claims is also allocated here, bringing total 2004 program expenses to $176.2 million. This compares with total 2003 total program expenses of $175.8 million.

The $34.7 million actuarial increase makes up the difference between the $176.2 million spent on programs and administration and the $210.9 million claim costs reported in the Statement of Operations. This amount is added to the benefits liabilities to ensure the WCB can meet its legislated obligation to pay the costs of all existing claims in the future.

The average duration of all time loss claims, both old and new, fell by 1.6 days per claim. At the same time, the total number of claims paid for short-term wage loss declined by 768 claims to 16,966.

The duration of time loss claims for new claims continued to fall in 2004. The number of days paid per new time loss claim in 2004 was 35.35 days – a drop from 2003's 37.02 days and 2002's 39.96 days. Fewer days paid per claim (both open and closed) combined with fewer injuries, leading to an 8.6% decline in the overall number of compensation days paid in 2004. The cumulative effect of the decrease in durations and time loss claims is approximately $9 million. This saving was offset by inflation, an increase in the maximum insurable wage, and general wage increases.

Dollars paid for short-term wage loss declined slightly from $67.4 million in 2003 to $65.1 million in 2004. Fewer claims and shorter durations on new time-loss claims contributed to this decline, despite a 2.9% rise in the cost-per-day of a claim caused by wage inflation. Although the cost of full days of short-term wage loss fell by 1.7% per claim, the cost of partial days of short-term wage loss per claim increased by 6.2%, reflecting the focus by the WCB and its stakeholder partners on transitional return-to-work.

Health care expenses increased $1.2 million to $46.0 million in 2004. This slight rise represents the net effect of gains associated with declining injuries minus increases in health care expenses per claim. Increased expenses per claim are characterized by inflation and a WCB initiative to invest in more treatment at the primary care level.

Vocational rehabilitation costs declined in 2004 to $5.1 million, down from $5.4 million in 2003. This is because newly injured workers are returning to work quicker than workers injured in previous years so there are fewer injured workers requiring access to vocational rehabilitation.

Long-term disability or earnings replacement costs increased in 2004 as the claims review which started in 2003 was completed. An additional 143 short-term claims were converted to long-term earnings replacement in 2004 because of this review.

Benefits liabilities

Benefits liabilities increased 4.3%, from $801.8 million to $836.5 million. This $34.7 million increase is driven by a number of factors: a $15.6 million increase in non-pension benefits, a $17.4 million increase in long-term disability benefits, and a $1.7 million increase in the expense allowance for the administration of future claims.

The WCB uses long-term economic and actuarial assumptions when determining future benefits payments and administration costs. The WCB considers these assumptions to be a realistic best estimate of future expectations. Allowance has been made for increases in projected future benefit payments arising from annual price inflation of 3.5%, future wage growth at 1.0% above inflation and medical cost increases at 1.5% above inflation. The WCB's liabilities at December 31, 2004 have been determined by discounting the projected future benefit payments back to their present day value using an annual assumed future investment return of 7.0%. The assumed real (or after inflation) rate of return of 3.5% is considered a best estimate of long-term expectations.

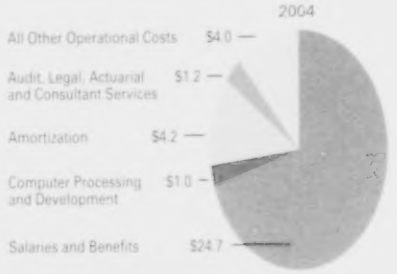
Non-pension benefits include medical aid (payments to health care providers), vocational rehabilitation, and short-term disability payments (wage loss). The $15.6 million increase in non-pension benefits is largely due to increases in short-term wage loss. Although durations on newer claims are shorter, they have lengthened on some older claims that continue to pay wage loss. A focus on management of health care files over the past three years resulted in only minimal increases in projected future medical aid payments for 2004, and positive impact in 2005 is also expected. A similar focus on vocational rehabilitation management led to a small decrease in related future benefits for this benefit type.

The major review of claim files that started in 2003 was completed in 2004, generating a number of new long-term disability claims. Although this resulted in a 4.4% increase in the future costs of these claims, it is only slightly higher than the 3.5% general inflationary increase.

Also contained in the benefits liabilities is an amount set aside to administer benefits in future years. The WCB has determined that the allowance for the expenses included in the liability valuation should be 4.8% of the liability for long-term disability and survivor awards and 5.75% of the liability for all other claims.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPONENTS OF ADMINISTRATIVE COSTS ($ MILLIONS)



Administration Expenses Decrease by 1.3%

Administration costs declined again in 2004, making them the lowest since 1998. At $35.1 million, before costs charged to Future Benefits Administration, the WCB's 2004 administration costs were 1.3% lower than 2003's.

There were no negotiated salary increases in 2004, keeping salaries and benefits at 2003 levels. However, expenditures on prevention activities increased, with ***WorkSafe Saskatchewan*** costs rising by $0.3 million. This spending increase is more than offset by the decrease in the number of time loss claims reported, strengthening the WCB's determination to continue its focus on prevention through its partnership in ***WorkSafe Saskatchewan*** with Saskatchewan Labour.

2004 Legislated Obligations

Under *The Workers' Compensation Act, 1979*, the WCB is obliged to fund operations administered by Saskatchewan Labour. In 2004, that funding amounted to $8.1 million, with $6.9 million directed to operation of the Occupational Health and Safety Division, $0.7 million to the Office of the Workers' Advocate, and $0.5 million to the Education and Training Branch.

Accounting Policy Change Affects Investments

The WCB's change in accounting policy for investments outlined in Note 3 to the financial statements became effective January 1, 2004. This change is based on the new CICA Handbook Section 3855 "Financial Instruments – Recognition and Measurement". Investments are now recorded at fair market value, instead of recording investments at cost adjusted toward market value using the moving average market method. Applying this new section contributed to a $99.4 million increase to the WCB's investments, from $807.6 million in 2003 to $907.0 million in 2004.

Funding Strategy

The Act calls for the WCB to have sufficient funds to pay the costs of its legislated obligations and its benefits liabilities. Based on this definition, the WCB is fully funded. However, in keeping with standard insurance principles, a future benefits administration component has been included in the benefits liabilities to fund the cost of administering current claims in future years. As well, the WCB's funding policy determines the number and amounts of reserves either suggested by the Act or thought prudent for maintaining a stable financial foundation. Taking these factors into consideration, the WCB plans to work toward the fully funded status outlined in Board policy over a 15-year period.

For the 2004 assessment year, an Injury Fund replenishment component was added to the base premium rate. This component will continue to be added to the base premium rate until the WCB becomes fully funded. If full funding is realized before the 15-year target date, the Injury Fund replenishment component will be removed.

The Statement of Surplus (Deficiency in Assets) shows an Injury Fund deficit of $38.0 million, compared to last year's deficit of $79.8 million. The change in accounting policy resulted in an opening addition to the Injury Fund of $30.1 million, bringing the Fund's adjusted opening balance to a $49.7 million deficit. After including the 2004 $11.7 million operating surplus, the Injury Fund finished the year with a $38.0 million deficit.

Under the WCB's new accounting policy, investments are carried at fair market value and gains and losses from the sale of investments are recognized as investment income in the Statement of Operations. The remaining net unrealized gains and losses of $44.8 million required to bring the investments to their fair market value are disclosed in the Accumulated Market Value Adjustments and become part of the WCB's total financial position even though the investments have not been sold. The total accumulated unrealized gains and losses of $62.2 million held at the end of 2004 will not be considered when determining the funded status of the WCB.

Risk Management Plan Addresses Business Risks

In 2002, WCB management undertook an in-depth analysis of the organization's business risks. This analysis includes risk identification, an assessment of the impact of each risk, and initiatives to mitigate their influence on the administration of the compensation system. Through 2004, the WCB continued to address key business risks through a variety of initiatives. The WCB's 2004 Stakeholder Report contains highlights of these risk management initiatives.

For example, because Saskatchewan's work injury rate is one of the highest in the country, the WCB sought to decrease the number of work injuries through initiatives with its ***WorkSafe Saskatchewan*** partner, Saskatchewan Labour. The injury rate at the end of 2004 was 4.40% – a substantial decline from 2003's rate of 4.81% or 2002's 21-year-high of 4.95%. The WCB will continue to call on its stakeholders to share the responsibility for reducing the risk of workplace injuries by encouraging establishment of safety and injury prevention programs.

The WCB introduced an experience rating program in 2004, also geared to mitigate the risk placed on the compensation system by high numbers of work injuries. The program significantly increases the surcharges paid by employers experiencing substantially higher injury costs than other employers in their industry. In 2005, employers could pay a maximum surcharge of 50% of their premium; in 2006 the maximum surcharge increases to 100%; and in 2007 it climbs to 200%. Employers with especially positive claims experience can qualify for a 30% discount.

At the end of 2004, the WCB began work on an enterprise risk management strategy – a more comprehensive version of the current plan. This strategy will see risk management fully incorporated into the WCB's business plans in future years.

2004 FINANCIAL REPORT

WORKERS' COMPENSATION BOARD (SASKATCHEWAN)

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements are the responsibility of management and have been prepared in conformity with Canadian generally accepted accounting principles. The preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Board. Management maintains an extensive system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis.

An independent actuary has been engaged to carry out a valuation of the benefits liabilities. The actuary makes use of management information provided by the Board and relies on the work of the external auditors in verifying the data used in the valuation. The scope of their valuation and opinion are given in the Actuarial Certificate.

The financial statements have been examined and approved by the Board of Directors. The Board of Directors meets periodically with financial officers of the Board and the external auditors.

Deloitte & Touche LLP has been appointed external auditors to report to the Members of the Board regarding the fairness of presentation of the Board's financial position and results of operations as shown in the financial statements. In carrying out their audit, the external auditors place reliance on the work of the actuary and his report on the benefits liabilities. The Auditors' Report outlines the scope of their examination and their opinion.

Peter Federko, CA
Chief Executive Officer

Gail Kruger, CMA
Vice-President,
Prevention, Finance &
Information Technology

March 15, 2005

TO THE BOARD OF DIRECTORS OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD

We have completed an actuarial valuation as at December 31, 2004 of the liabilities for benefits payable in the future under the Workers' Compensation Act – Saskatchewan in respect of claims that occurred prior to the valuation date.

We have analyzed the claims data on which the valuation has been based and have performed tests to confirm the reasonableness of the data and its consistency with the data used for valuations in prior years. In our opinion, the claims data is sufficient and reliable for the purposes of the valuation.

The actuarial valuation of the benefits liability of $836,507,000 represents the actuarial present value at December 31, 2004 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2004.

The valuation was based on the provisions of the Workers' Compensation Act in effect as of December 31, 2004 and reflected the legislated increases in the maximum wage rate scheduled for 2004 and 2005. The benefits liability includes provision for claims arising in the future in respect of latent occupational diseases only to the extent that such claims have been experienced in the past. It also includes provision for future expenses relating to the administration of existing claims. Payments made by the Board on a self-insured basis are excluded from the valuation of the benefits liability.

The actuarial assumptions and methods employed in the valuation represent the best estimate of the Board's future obligations based on the provisions of the Workers' Compensation Act at the valuation date, the Board's current practices and administrative procedures and the pattern of claims costs experienced prior to the valuation. In our opinion, for the purposes of the valuation, the actuarial assumptions are appropriate and the methods employed are consistent with sound actuarial principles.

Our actuarial report has been prepared and our opinions have been given in accordance with accepted actuarial practice.

HEWITT ASSOCIATES

J. Allan Brown
Fellow, Canadian Institute of Actuaries

Peter M. Muirhead
Fellow, Canadian Institute of Actuaries

March 15, 2005

2004 FINANCIAL REPORT

AUDITORS' REPORT

To the Members of
Workers' Compensation Board (Saskatchewan)

We have audited the statement of financial position of the Workers' Compensation Board (Saskatchewan) as at December 31, 2004 and the statements of operations, surplus (deficiency in assets) and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Regina, Saskatchewan

March 15, 2005

STATEMENT OF FINANCIAL POSITION

As at December 31, 2004

	2004	2003
	(thousands of dollars)	
Assets		
Cash and cash equivalents	$ 66,605	$ 25,711
Accounts receivable (note 5)	34,392	33,035
Accrued interest	2,666	3,085
Investments (notes 3 & 6)	906,985	807,629
Property, plant and equipment (note 7)	19,608	20,051
	$ 1,030,256	$ 889,511
Liabilities		
Accounts payable and accrued liabilities (note 8)	$ 23,787	$ 30,148
Benefits liabilities (note 10)	836,507	801,777
Annuity fund payable	117,256	108,953
	977,550	940,878
Surplus (Deficiency in Assets) per accompaning statement	52,706	(51,367)
	$ 1,030,256	$ 889,511

See accompanying notes to financial statements

On behalf of the Board

John Solomon
Chairman

Norm Brown
Board Member

Walter Eberle
Board Member

STATEMENT OF OPERATIONS

Year ended December 31, 2004

	2004	2003
	(thousands of dollars)	
Revenues:		
Premiums (note 12)	$ 221,031	$ 177,613
Investment income (notes 3 & 6)	35,727	47,954
	256,758	225,567
Expenses:		
Claim costs (note 10)	210,891	199,153
Administration (Schedule 1)	26,078	26,662
Department of Labour (note 9)	8,069	7,615
Committee of Review	–	9
	245,038	233,439
Net operating surplus (deficit)	$ 11,720	$ (7,872)

See accompanying notes to financial statements

STATEMENT OF SURPLUS (DEFICIENCY IN ASSETS)

As at December 31, 2004

	2004				2003
	Funded Reserves (note 11)	Injury Fund	Accumulated Market Value Adjustments	Total	Total
		(thousands of dollars)			
BALANCE, beginning of year	$ 28,463	$ (79,830)	$ –	$ (51,367)	$ (43,495)
Change in accounting policy (note 3)	–	30,119	17,483	47,602	–
Adjusted beginning balance	28,463	(49,711)	17,483	(3,765)	(43,495)
Net operating surplus (deficit)	–	11,720	–	11,720	(7,872)
Unrealized gains (losses) from equities and bonds	–	–	60,115	60,115	–
Realized (gains) losses from equities and bonds	–	–	(15,364)	(15,364)	–
	–	11,720	44,751	56,471	(7,872)
Appropriation to fund allocations to employers	20,818	(20,818)	–	–	–
Allocations to employers	(20,818)	20,818	–	–	–
BALANCE, end of year	$ 28,463	$ (37,991)	$ 62,234	$ 52,706	$ (51,367)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended December 31, 2004

	2004	2003
	(thousands of dollars)	
OPERATING ACTIVITIES		
Cash received from:		
Premiums	$ 211,698	$ 182,963
Dividends and interest	35,125	28,745
	246,823	211,708
Cash paid to:		
Claimants, or third parties on their behalf	165,167	165,381
Employees and suppliers, for administrative and other goods and services	34,194	34,292
Department of Labour and safety associations	10,842	10,614
	210,203	210,287
Net cash provided by operating activities	36,620	1,421
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	1,000,758	1,113,858
Disposal of property, plant and equipment	41	–
	1,000,799	1,113,858
Cash paid for:		
Purchase of investments	992,831	1,110,599
Purchase of property, plant and equipment	3,694	4,885
	996,525	1,115,484
Net cash provided by (used in) investing activities	4,274	(1,626)
Increase (decrease) in cash during the year	40,894	(205)
Cash and cash equivalents, beginning of year	25,711	25,916
Cash and cash equivalents, end of year	$ 66,605	$ 25,711

See accompanying notes to financial statements

December 31, 2004

1 Status of the Board

The Workers' Compensation Board (the Board) operates under the authority of The Workers' Compensation Act, 1979 (the Act).

In accordance with the provisions of the Act, the Board's purpose is to provide workers' compensation insurance to workers who are injured in the course of their employment.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes its estimates and assumptions are appropriate; however, actual results could differ from the amounts estimated.

The Board's significant accounting policies are summarized as follows:

Cash and Cash Equivalents

(i) Cash and cash equivalents are funds consisting of cash and money market instruments which will be liquidated in the near term to fund operations.

(ii) Cash and cash equivalents are recorded at fair value.

Investments

(i) Bonds and debentures, equities, pooled equity funds and pooled bond funds are carried at fair value. These investments have been designated as available-for-sale. Realized gains and losses are recorded in operating surplus (deficit) in the year earned. Unrealized gains and losses are recorded in the Accumulated Market Value Adjustments until they are realized. A permanent impairment of an investment is recognized into income immediately. Interest, dividend and other investment income are recognized in the period earned.

(ii) Real estate investments are recorded at cost.

(iii) Transactions in bonds and equities are recorded as of the trade date.

NOTES TO FINANCIAL STATEMENTS

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and is amortized over the estimated useful lives of the assets. Amortization is recorded on a straight-line basis, at the following rates:

Building	2.50%
Office furnishings	10.00%
Computer equipment	20.00%
Software development	33.33%

Premium Revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is receivable by instalments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

Benefits Liabilities

The benefits liabilities are determined annually by an actuarial valuation which establishes the amount of this provision for future payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision at December 31, 2004 has been determined by estimating future benefits payments in accordance with the Board's administrative policies and practices in effect at December 31, 2004.

Benefits liabilities do not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers. Also, no provision has been made for future claims relating to occupational diseases and injuries that are not currently considered to be work-related.

Annuity Fund Payable

The annuity fund is established pursuant to sections 74 and 83(5) of the Act, to compensate injured workers and dependent spouses for the loss of retirement income due to a workplace injury. The fund represents 10% of eligible payments already made plus interest based on an internally calculated rate of return.

All future costs, excluding interest, are provided for as part of benefits liabilities.

Foreign Currency Translation

Expenditures and receipts denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Foreign currency gains and losses derived from investments are recorded in the same manner as other investment gains and losses.

Employee Future Benefit Plans

The cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and future pension indexing. The discount rate used to determine the accrued benefit obligation is determined with reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service life of active employees. The net transitional asset, calculated on the adoption of the change in accounting standards for employee future benefit plans, is being amortized over the average remaining service life. At the discretion of the Lieutenant Governor in Council, pensions may be increased annually up to the rate of increase in the Consumer Price Index. For the defined contribution plan, employee contributions are matched by the Board and expensed in the period made.

Accumulated Market Value Adjustments

The Accumulated Market Value Adjustments fund was created to record the accumulated unrealized gains and losses on investments held at the year-end date. The balance of this fund will have no limit and will not be considered in the determination of the funded status of the Board. Nor will the balance of this fund be considered for purposes of determining premium rates or rebates and ought not be considered as available for benefit enhancements.

Effective January 1, 2004, the Board early-adopted the new Canadian accounting standard for financial instruments. Previously, the Board's investments were initially recorded at cost and subsequently, gains, losses, discounts or premiums were deferred and amortized over five years in the case of equities, pooled funds and real estate and over the remaining period until maturity of bonds and debentures.

Under the new accounting standard, the Board is required to account for its investment in financial instruments such as bonds, debentures, equities and pooled funds at fair values determined with reference to quoted market prices. All of these instruments are considered by the Board to be available-for-sale. Accordingly, any unrealized gains and losses are reported in a separate component of surplus, and are not included in the current period operating surplus (deficit) until realization occurs. The new standard does not consider investments in real estate to be financial instruments, and consequently such investments are required to be recorded at cost.

NOTES TO FINANCIAL STATEMENTS

As prescribed in the new standard, the change in accounting policy was applied as of January 1, 2004, without restatement of prior years. The effect of the change at that time was to increase the carrying value of the investments from $807,629,000 to $855,231,000. Of the $47,602,000 increase in the carrying value of investments, $30,119,000 was realized and was credited to the Injury Fund balance and the remaining unrealized amount of $17,483,000 was credited to the Accumulated Market Value Adjustments.

4. Cash Equivalents

All cash equivalents are in Canadian securities. These investments are maturing in the near term to fund operations and have an aggregate fair value of $66,346,000 (2003 - $26,309,000) and are comprised of notes and commercial paper with effective interest rates of 2.30% to 3.05% (2003 - 2.57% to 3.59%).

5. Accounts Receivable

	2004	2003
	(thousands of dollars)	
Premiums	$ 14,917	$ 9,940
Regina Qu'Appelle Health Region	8,893	8,959
Net accrued pension benefit asset (note 13)	5,772	5,210
Other	4,810	4,356
Surcharge penalties (note 12)	–	4,570
	$ 34,392	$ 33,035

The Board served notice to the Regina Qu'Appelle Health Region on July 16, 2001 of its intent to terminate without cause the agreement between the Board and the Regina Qu'Appelle Health Region regarding the Wascana Rehabilitation Centre. The agreement allows three years from the date the notice was served for receipt of the amount owing to the Board. The amount owing for the facility has been settled at $8,893,000 and was paid to the Board in March, 2005.

Accounts receivable at December 31 include an estimate of the annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Board, the recorded premium revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

Accounts receivable are net of an allowance for doubtful accounts of $1,445,000 (2003 - $1,466,000).

(a) The investments are comprised of the following:

	December 31 2004 (note 3)	January 1 2004 (note 3)
	(thousands of dollars)	
Bonds, debentures and pooled bond fund	$ 395,598	$ 367,494
Equities and pooled equity funds	458,121	440,152
Real estate	53,266	47,585
	$ 906,985	$ 855,231

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Bonds and debentures:

	2004 COUPON RATES (% range)	2003 COUPON RATES (% range)
Government of Canada	3.00-8.00%	3.00-8.00%
Provincial Securities	4.40-6.50%	4.40-10.00%
Corporate Securities	3.75-9.00%	4.00-9.00%

The fair value is shown by contractual maturity. Actual maturity may differ from contractual maturity because certain counterparties have the right to call or prepay certain obligations with or without call or prepayment penalties.

TERM TO MATURITY	2004 FAIR VALUE	2003 FAIR VALUE
	(thousands of dollars)	
Government of Canada Securities		
One year or less	$ 1,730	$ –
One through five years	116,522	74,399
After five years	69,424	95,945
Provincial Securities		
One through five years	12,234	10,083
After five years	56,122	54,817
Corporate Securities		
One through five years	29,986	50,590
After five years	72,360	43,201
	$ 358,378	$ 329,095

NOTES TO FINANCIAL STATEMENTS

(ii) Equities and pooled equity funds:

The Board's investments in equities and pooled equity funds have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis.

The Board has an investment of $45,180,000 (2003 - $46,029,000) in a pooled equity fund for Europe, Asia and the Far East representing 4.37% (2003 - 4.15%) of the pooled fund's total units. The Board also has an investment of $83,859,000 (2003 - $76,085,000) in a pooled global equity fund representing 10.58% (2003 - 9.93%) of the pooled fund's total units.

(iii) Pooled bond fund

The Board's investment of $37,220,000 (2003 - $38,399,000) in a Canadian corporate pooled bond fund has no fixed maturity date. The investment represents 14.63% (2003 - 11.02%) of the pooled fund's total units.

(iv) Real estate:

All of the Board's real estate holdings are in Canadian commercial property.

(b) Net investment income was derived from the following sources:

	2004	2003
	(thousands of dollars)	
Cash and cash equivalents	$ 878	$ 997
Bonds, debentures and pooled bond fund	19,541	20,971
Equities and pooled equity funds	13,703	23,491
Real estate	3,189	3,906
Other	86	82
Investment expenses	(1,670)	(1,493)
	$ 35,727	$ 47,954

(c) Market Risk

The Board invests in publicly traded equities and bonds available on domestic and foreign exchanges and in privately traded pooled equity and bond funds. These securities are affected by market changes and fluctuations. The Board does not use derivative financial instruments to alter the effects of these market changes and fluctuations. The Board limits its investment concentration in any one investee or related group of investees to 10% of the investee's share capital. In addition, no one holding can represent more than 10% of the market value of the Board's equity portfolio. Investment in pooled funds shall not exceed 10% of the market value of that pooled fund unless provision has been made to transfer assets out of the fund in kind.

(d) Credit Risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument may fail to meet its obligations. Therefore, the Board's investment policy sets minimum quality standards. The policy allows for a maximum of 15% to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For cash equivalents, the minimum quality standard is R-1. The Board does not anticipate that any issuers will fail to meet their obligations.

(e) Interest Rate Risk

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-income portfolio within predetermined prudent policy limits.

(f) Real Estate Risk

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

(g) Foreign Exchange Risk

The Board has certain investments denominated in foreign currencies. During 2004 the Board did not undertake hedging strategies to mitigate currency risk of foreign equities and currency influenced short-term returns. The Board limits its holdings in foreign equities to 27% of the investment portfolio. As at December 31, 2004, the Board's holdings in foreign equities and pooled equity funds had a market value of $184,435,000 (2003 - $175,300,000) representing 18.8% (2003 - 19.8%) of the market value of the total investment portfolio, including cash equivalents.

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE 2004	2003
		(thousands of dollars)		
Land	$ 1,375	$ –	$ 1,375	$ 1,375
Building	20,293	7,051	13,242	13,286
Office furnishings	4,291	3,373	918	1,266
Computer equipment	11,208	9,602	1,606	2,138
Software development	26,925	24,458	2,467	1,986
	$ 64,092	$ 44,484	$ 19,608	$ 20,051

NOTES TO FINANCIAL STATEMENTS

	2004	2003
	(thousands of dollars)	
Occupational Health & Safety	$ 6,943	$ 6,339
Accrued investment purchases	6,837	310
Employee benefits liability	4,057	4,018
Premium refunds	3,169	3,356
Other payables	1,655	1,668
Worker's Advocate	663	687
Education and Training	463	589
Committee of Review	–	9
Merit rebates (note 12)	–	13,172
	$ 23,787	$ 30,148

Section 117(g), (h) and (i) of the Act directs the Board to expend monies for the cost of administration of the industrial safety program; the expenses, including salaries and remuneration, of the office of the Workers' Advocate; and the expenses of any Committee of Review established under the Act.

	2004	2003
	(thousands of dollars)	
Occupational Health & Safety	$ 6,943	$ 6,339
Workers' Advocate	663	687
Education and Training	463	589
	$ 8,069	$ 7,615

Benefits liabilities represent an actuarially determined provision for future benefits payments and administration costs arising from both reported and unreported claims resulting from work related injuries that occurred on or before December 31, 2004.

Benefits liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. Future benefits payments have been discounted to their present value by applying a real interest rate of 3.5% per annum. The determination of the future benefits payments involves applying economic and actuarial assumptions and methods, based on past experience, modified for current trends. As these assumptions may change over time to respond to economic conditions or administrative policies and practices, it is possible that such changes could cause a material change to the actuarial present value of future benefits.

Long-term economic and actuarial assumptions and methods are reviewed annually, prior to December 31 of each year when independent actuarial valuations are performed. The following long-term economic assumptions were used in the actuarial valuation of the benefits liabilities:

	2004	2003
Inflation	3.5%	3.5%
Real future growth in gross wages	1.0%	1.0%
Real future increase in health care costs	1.5%	1.5%

Adjustments, if any, resulting from the continuous review of entitlements and experience or from changes in legislation and actuarial assumptions or methods are recorded in the current year as claim costs expense together with the actuarial cost of claims for reported and unreported work related injuries that occurred during the year.

Benefits Liabilities Continuance Schedule

	2004							2003
	Short Term Disability	Long Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Total	Total
	(thousands of dollars)							
BALANCE, beginning of year	$ 122,927	$ 393,883	$ 82,842	$ 131,782	$ 31,030	$ 39,313	$ 801,777	$ 778,461
ADD: Claim costs incurred:								
Current year injuries	60,641	22,289	3,665	42,951	4,791	7,478	141,815	139,488
Prior years' injuries	19,792	35,478	6,758	4,844	(1,120)	3,324	69,076	59,665
	80,433	57,767	10,423	47,795	3,671	10,802	210,891	199,153
DEDUCT: Claim payments made:								
Current year injuries	23,670	182	249	17,138	58	2,340	43,637	41,991
Prior years' injuries	41,470	40,224	10,149	28,901	5,050	6,730	132,524	133,846
	65,140	40,406	10,398	46,039	5,108	9,070	176,161	175,837
BALANCE, end of year	$ 138,220	$ 411,244	$ 82,867	$ 133,538	$ 29,593	$ 41,045	$ 836,507	$ 801,777

NOTES TO FINANCIAL STATEMENTS

The table below shows the cash flows anticipated to pay benefits to existing claimants in future years. The estimated cash outflows are the present value of future amounts forecast to pay benefits and have been determined using the above long-term assumptions.

	(thousands of dollars)
2005 - 2009	$ 435,936
2010 - 2014	195,507
2015 - 2019	102,870
2020 - 2024	52,404
2025 - 2029	25,651
2030 and beyond	24,139
	$ 836,507

The following is a reconciliation of the claim benefit liabilities:

	2004	2003
	(thousands of dollars)	
BALANCE, beginning of year	$ 801,777	$ 778,461
ADD:		
Provision for current year injuries	141,815	139,488
Interest allocated	51,484	54,492
Prior years' claim cost experience higher than expected	30,758	21,750
Effect of actual cost of living adjustment lower than expected	(13,166)	(16,577)
	210,891	199,153
DEDUCT:		
Benefit payments	167,091	166,883
Claim adjudication expense	9,070	8,954
	176,161	175,837
BALANCE, end of year	$ 836,507	$ 801,777

	2004				2003
	Disaster & Occupational Disease	Second Injury & Re-employment	Economic Stabilization Reserve	Total	Total
	(thousands of dollars)				
BALANCE, beginning of year	$ 22,770	$ 5,693	$ –	$ 28,463	$ 28,463
Appropriation to fund allocation to employers	9,426	11,392	–	20,818	23,079
Allocations to employers	(9,426)	(11,392)	–	(20,818)	(23,079)
BALANCE, end of year	$ 22,770	$ 5,693	$ –	$ 28,463	$ 28,463

To maintain a funded status that is consistent with the statutory requirements of the Act, the Board has established the following reserves to ensure the maintenance of a fully funded position:

a) The Disaster and Occupational Disease Reserve was created to provide all employers with cost relief in the event of a disaster. Additionally, this reserve will also cover costs that may arise from latent occupational diseases where exposure today may result in the establishment of a future claim.

b) The Second Injury and Re-employment Reserve (Second Injury) was established to provide employers with cost relief on claims that were attributed to an earlier injury and to assist in facilitating return to work through retraining.

c) The Economic Stabilization Reserve was created to ensure sufficient funds are available to meet required benefit levels and to reduce the magnitude of fluctuations in the average premium rate.

NOTES TO FINANCIAL STATEMENTS

12. Premiums

	2004	2003
	(thousands of dollars)	
Premiums billed	**$ 218,725**	$ 189,584
Premiums dedicated to injury fund replenishment	**5,533**	–
Merit rebates	–	(13,172)
Surcharge penalty	–	4,570
Industry safety associations	**(3,227)**	(3,369)
	$ 221,031	$ 177,613

Beginning in 2004, the Board added 2.6% to the premium rate to replenish the $79,830,000 deficit in the Injury Fund as at December 31, 2003, over a fifteen year period. As the deficit is reduced through operating surpluses, the amortization period will be reduced.

The Board levies an additional premium on certain industry codes to collect funds which are in turn disbursed to the safety associations representing those industries. In 2004, funds were collected on behalf of and disbursed to the Saskatchewan Forest Industries Safety Association Inc., Heavy Construction Safety Association of Saskatchewan Inc., Saskatchewan Construction Safety Association Inc., Service & Hospitality Safety Association of Saskatchewan Inc., Prairie Implement Manufacturers Association, Saskatchewan Association of Health Organizations, C6 Safety Association of Saskatchewan Inc. and Saskatchewan Meat Industry Safety Association.

The Government of Canada is a self-insured employer whose claims are administered by the Board. The Government reimburses the Board for all claims paid out on their behalf plus an administration fee. Gross premiums reported are net of amounts received from the Government of Canada and accordingly claim costs do not include self-insured claims. Monies paid to the Board for reimbursement of these claims are reflected in the Statement of Cash Flows as cash received from premiums and monies paid out relating to these claims are recorded as cash paid out to claimants or third parties on their behalf.

Effective January 1, 2004 the merit rebate/surcharge penalty programs were discontinued. These programs will be replaced in 2005 by a new experience rating program which will, through the rate setting structure, provide discounts or apply surcharges to employers to encourage them to enhance injury prevention and return-to-work activities for their employees.

The Board sponsors defined benefit and defined contribution pension arrangements covering substantially all employees. The Board uses actuarial reports prepared by an independent actuary for accounting purposes. The net defined benefit plan revenue is based on an extrapolation of the results revealed in the most recent actuarial valuation of the pension plan as at December 31, 2002. The following significant actuarial assumptions were employed to determine the periodic pension revenue and accrued benefit obligations:

	2004	2003
Expected long-term rate of return on plan assets	**6.00%**	6.25%
Discount rate	**6.00%**	6.25%
Average rate of compensation increase	**4.50%**	4.50%
Average remaining service period	**6.27 years**	8.27 years
Inflation	**3.00%**	3.00%

Net benefit plan revenue is as follows:

	2004	2003
	(thousands of dollars)	
Current service cost - defined benefit	**$ 297**	$ 303
Interest cost	**1,568**	1,511
Expected return on plan assets	**(1,889)**	(1,751)
Amortization of net actuarial loss	**340**	559
Amortization of net transitional asset	**(878)**	(878)
Net benefit plan revenue	**$ (562)**	$ (256)

During the year, the Board incurred costs of $1,306,000 (2003 - $1,252,000) related to its defined contribution plan.

NOTES TO FINANCIAL STATEMENTS

Information about the Board's defined pension benefit plan is as follows:

	2004	2003
	(thousands of dollars)	
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	**$ 25,162**	$ 24,262
Current service cost - employer share	**297**	303
Current service cost - employee share	**134**	137
Interest cost	**1,568**	1,511
Actuarial loss	**583**	–
Benefits paid	**(1,024)**	(1,051)
Accrued benefit obligation, end of year	**$ 26,720**	$ 25,162
Plan Assets		
Fair value of plan assets, beginning of year	**$ 30,676**	$ 28,466
Expected return on plan assets	**1,889**	1,751
Employer contributions	**–**	–
Employee contributions	**134**	137
Benefits paid	**(1,024)**	(1,051)
Actuarial gain	**1,082**	1,373
Fair value of plan assets, end of year	**$ 32,757**	$ 30,676
Plan surplus	**6,037**	5,514
Unamortized net actuarial loss	**4,698**	5,537
Unamortized net transitional asset	**(4,963)**	(5,841)
Net accrued benefit asset	**$ 5,772**	$ 5,210

The following table presents the current total fund benchmark and asset component ranges, based on market values.

	Minimum %	Benchmark %	Maximum %
Equities:			
Canadian equities	10	25	40
Foreign equities	10	25	35
Fixed Income			
Bonds	30	45	60
Mortgages	0	0	5
Short-term investments	0	5	30

24. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

These transactions, and amounts outstanding at year-end, are as follows:

	2004	2003
	(thousands of dollars)	
Accounts receivable	**$ 83**	$ 69
Investments	**4,350**	7,562
Accounts payable	**8,162**	7,698
Premium revenue	**45,133**	38,310
Investment income	**404**	480
Administration expenses	**1,261**	1,249
Claims costs	**13,190**	13,787

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other related party transactions are disclosed separately in the notes.

NOTES TO FINANCIAL STATEMENTS

15. Fair Value of Financial Assets and Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial assets and liabilities:

(i) For the following financial assets the fair values are considered to approximate quoted market values on recognized stock exchanges, based on the latest bid or transaction prices:
a) bonds and debentures
b) pooled bond fund
c) equities
d) pooled equity funds

The fair value of the pooled bond fund and pooled equity funds is determined by the market value of the underlying investments.

(ii) The carrying value of accounts receivable, accrued interest, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

(iii) It is not practical to determine the fair value of the benefits liabilities due to their long-term nature. The Board does not intend to settle these liabilities in the near term and there is no ready market to determine their fair value.

(iv) The carrying value of the annuity fund payable approximates its fair value at December 31, 2004.

Due to the size, complexity and nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters will not have a material effect on the Board's financial position or results of operations.

Certain comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE 1 - ADMINISTRATION EXPENSES

Year ended December 31, 2004

	2004	2003
	(thousands of dollars)	
Salaries and employee benefits	**$ 24,744**	$ 24,628
Amortization of property, plant and equipment	**4,228**	4,606
Building operations	**1,055**	1,153
Computer processing	**1,040**	934
Communications and postage	**994**	962
WorkSafe Saskatchewan	**890**	590
Travel and automobile expenses	**847**	925
Consulting services	**789**	1,546
Printing, stationery and office supplies	**748**	765
Miscellaneous	**656**	405
Office rental	**422**	452
Professional services	**364**	497
	36,777	37,463
Less:		
Assessment penalties	**773**	914
Fees charged to Government of Canada	**856**	933
	35,148	35,616
Less:		
Administration costs charged to Future Benefits Administration (note 10)	**9,070**	8,954
	$ 26,078	$ 26,662

EXHIBIT 1: STATEMENT OF INVESTMENTS
(UNAUDITED)

Year ended December 31, 2004

Security	Par Value	Fair Value
	(thousands of dollars)	
Government of Canada	$ 178,688	$ 187,676
Province of British Columbia	8,497	9,254
Province of Manitoba	4,460	4,691
Province of New Brunswick	1,314	1,443
Province of Newfoundland	1,404	1,462
Province of Nova Scotia	675	755
Province of Ontario	28,455	31,045
Province of Quebec	14,149	15,356
Province of Saskatchewan	3,832	4,350
407 International	1,613	1,827
55 School Board Trust	1,422	1,530
Aeroports De Montreal	1,097	1,179
Alberta Capital Fin Authority	2,833	2,950
Alliance Pipeline	1,672	1,957
Bank of Montreal	1,290	1,320
BC Ferry Services Inc.	2,095	2,220
BCE Inc.	1,016	1,097
BMO Capital Trust	1,257	1,299
BNS Capital Trust	2,198	2,450
Borealis Enersource	2,120	2,325
Canada Housing Trust	25,066	24,906
Canadian Tire	545	557
Cards II Trust	1,093	1,115
CDP Financial Debentures	1,113	1,136
Citigroup Finance Canada Inc.	729	744
Column Canada	1,006	1,078
Falcon Trust Comm. Mtg.	1,000	1,040
Fortisalberta Inc.	927	965
GE Capital Canada Funding Co.	1,294	1,356
Glacier Credit Card Trust	2,151	2,208
Gloucester Credit Card Trust	3,436	3,591
Golden Credit Card	2,290	2,328
Greater Toronto Airports Auth.	2,252	2,387
Greystone Capital Mgmt. Inc.	201	201
Household Financial Corp. Ltd.	474	479
Hydro One Inc.	2,336	2,425
Int'l Bk. Reconstr. & Dev.	2,600	3,182
Investors Group Inc.	1,917	2,146
Loblaw Companies Ltd.	1,288	1,313
Manitoba Telecom Services	1,245	1,278
Merrill Lynch	5,797	6,222
Milit Air Inc.	1,589	1,714
N - 45 Degrees 1st CMBS Iss Corp.	834	876
National Bank	947	945
Ontrea Inc.	1,765	1,898
Quebec Finance Corp.	3,144	3,417
Royal Bank of Canada	4,233	4,431
Toronto Dominion Bank	3,445	3,603
Transcanada Pipelines Ltd.	1,139	1,464
Wells Fargo Financial Canada Corp.	1,038	1,074

Security	Par Value	Fair Value
	(thousands of dollars)	
York Receivables Trust	2,068	2,113
KBSH Canadian Corporate Bond Fund		37,220
Templeton Global Equity Trust		83,859
Greystone EAFE Plus Fund		45,180
Alcan Inc.		5,962
ATI Technologies		3,341
Bank of Montreal		9,561
Bank of Nova Scotia		18,529
Barrick Gold Corp.		4,547
Cameco Corp.		9,763
Canadian Imperial Bank of Commerce		11,081
Canadian National Railway		8,044
Canadian Natural Resources Ltd.		9,177
CGI Group Inc.		2,834
Cott Corp.		2,836
Dorel Industries Inc.		1,256
Encana Corporation		10,344
Falconbridge Ltd.		4,327
Finning Int'l Inc.		4,818
Forzani Group Ltd.		1,128
Loblaw Companies Ltd.		5,902
MacDonald Dettwiler & Associates		2,199
Magna Int'l Inc.		5,675
Manulife Financial Corp.		13,268
Masonite Int'l. Corp.		5,405
Meridian Gold Inc.		3,373
National ...ank		5,721
Nortel Networks Corp.		5,524
Open Text Corp.		2,586
Patheon Inc.		294
Petro-Canada		3,226
Potash Corp. of Saskatchewan Inc.		8,901
Power Corp. of Canada		14,168
Power Financial Corp.		4,055
Precision Drilling Corp.		6,465
QLT Inc.		2,133
Research In Motion Ltd.		4,747
Rogers Communications Inc.		4,565
Rona Inc.		3,890
Royal Bank of Canada		9,758
Saputo Inc.		3,039
Shoppers Drug Mart Corp.		8,148
SNC-Lavalin Group Inc.		7,013
Stratos Global Corp.		1,374
Suncor Energy Inc.		4,439
Talisman Energy Inc.		8,453
Teck Cominco Ltd.		6,303
Telus Corp.		4,966
Transcanada Pipelines Ltd.		5,304
Tundra Semiconductor Corp.		775

Security	Par Value	Fair Value
	(thousands of dollars)	
West Fraser Timber Co. Ltd.		2,061
Westjet Airlines Ltd.		2,403
3M Company		1,196
Alliant Techsystems Inc.		1,323
Amgen Inc.		1,821
Anheuser-Busch Co. Inc.		759
Apache Corp.		1,086
Bank of America Corp.		2,238
Best Buy Inc.		871
Brunswick Corp.		661
Capital One Financial Co.		1,581
Church & Dwight Co. Inc.		842
Citigroup		1,719
Coach Inc.		1,321
Conocophillips		1,263
Doral Financial Corp.		599
Exelon Corp.		1,561
Exxon Mobil Corp.		1,271
Fedex Corporation		1,431
Franklin Resources Inc.		1,505
General Electric Co.		1,261
Harley Davidson Inc.		953
Home Depot Inc.		1,004
Ingersoll Rand Co.		1,510
Intel Corp.		1,339
ITT Industries Inc.		1,514
Joy Global Inc.		929
KB Home		1,792
Laboratory Corp. of America		1,136
Lennar Corp.		763
Lowes Cos. Inc.		663
Microsoft Corp.		2,290
Mohawk Industries Inc.		947
Nabors Industries Ltd.		1,386
Occidental Pete Corp.		1,215
Petsmart Inc.		561
Pfizer Inc.		1,349
Phelps Dodge Corp.		738
Praxair Inc.		1,695
Procter & Gamble Co.		2,219
Qualcomm Inc.		1,853
Symantec Corp.		2,009
Texas Instruments		1,030
TJX Companies		467
US Bancorp Del		1,725
3100 Production Way		2,010
410 & 7 Equities Inc.		910
50 Bloor Street West		3,134
5800-5900 Explorer Drive Mississauga		3,465
Airways III		2,757
Bramalea City Centre		2,231
Brampton Business Park		2,571
Bridgeport Road Equities Inc.		1,027
Circle Properties Ltd.		5,597
Colebrook 152 Holdings Inc.		1,543
Commerce Valley Office		1,666
Cordova Equities Inc.		2,058
Eskimo Equities Inc.		367
Glenwood Estates		382
Hewlett - Packard		3,881
Key West		2,298
KS Equities Inc.		2,649
Marnie Drive		557
Pension Fund Realty Ltd.		1
Peregrine Equities Ltd.		404
Portland Street		1,702
Rodick Equities Inc.		503
Rutherford Properties Ltd.		1,780
Seven Oaks Equities Inc.		2,340
Sherwin Road Industrial Park		826
Shoppers World		1,036
Terra Losa Shopping Centre		1,597
University Equities		1,169
Victoria Gate		649
Westhills Equity Inc.		1,138
Westside Equities Inc.		1,008
	$ 339,049	$ 906,985

Security	Par Value	Fair Value
	(thousands of dollars)	
Government of Canada Bonds	$ 178,688	$ 187,676
Provincial Government Bonds	62,786	68,356
Corporate Bonds	97,575	102,346
XBSH Canadian Corporate Bond Fund		37,220
	339,049	395,598
Templeton Global Equity Trust		83,859
Greystone EAFE Plus Fund		45,180
Canadian Equities		273,666
American Equities		55,396
		458,121
Real Estate (at carrying amount)		53,266
	$ 339,049	$ 906,985

EXHIBIT 2: STATEMENT OF INVESTMENT DISPOSITIONS
(UNAUDITED)

Year ended December 31, 2004

Interest Rate %	Security	Maturity Date	Proceeds
		(thousands of dollars)	
9.000	407 International	August 15, 2007	$947
	Alcan Inc.	Canadian Equity	155
7.181	Alliance Pipeline	June 30, 2023	73
	Anheuser-Busch Co. Inc.	U.S. Equity	301
	Annacis Island	Canadian Equity	684
	Apache Corp.	U.S. Equity	520
	Autozone Inc.	U.S. Equity	397
	Bank of Montreal	Canadian Equity	4,649
	Bank of Nova Scotia	Canadian Equity	5,561
	Barrick Gold Corp.	Canadian Equity	3,566
6.100	Bell Canada	March 16, 2035	774
	Best Buy Inc.	U.S. Equity	145
	Brampton Business Park	Canadian Equity	560
	Cameco Corp.	Canadian Equity	4,531
4.100	Canada Housing Trust	December 15, 2006	24,542
4.650	Canada Housing Trust	September 15, 2009	24,792
	Canadian Imperial Bank of Commerce	Canadian Equity	704
	Canadian National Railway	Canadian Equity	2,509
	Canadian Natural Resources Ltd.	Canadian Equity	6,317
5.700	Canadian Tire	June 9, 2008	1,446
6.320	Canadian Tire	February 24, 2034	618
	Capital One Financial Co.	U.S. Equity	179
	Cardinal Health Inc.	U.S. Equity	1,635
	CGI Group Inc.	Canadian Equity	314
5.750	Citibank Canada	August 17, 2006	1,084
	Citigroup	U.S. Equity	747
	Coach Inc.	U.S. Equity	116
	Computer Associates International	U.S. Equity	511
	Conocophillips	U.S. Equity	208
	Cott Corp.	Canadian Equity	645
	Diconna Int'l	Canadian Equity	825
	Domtar Inc.	Canadian Equity	2,687
	Encana Corporation	Canadian Equity	3,317
5.151	Falcon Trust Comm. Mtg.	January 15, 2011	8
	Falconbridge Ltd.	Canadian Equity	552
	Federal National Mortgage Association	U.S. Equity	1,603
	Fedex Corporation	U.S. Equity	239
	Finning Int'l Inc.	Canadian Equity	3,000
	General Electric Co.	U.S. Equity	372
6.869	Genesis Trust Power Line of Credit	February 15, 2005	1,940
3.000	Government of Canada	December 1, 2005	141,285
3.000	Government of Canada	June 1, 2006	124,943
4.250	Government of Canada	September 1, 2008	61,207
4.250	Government of Canada	September 1, 2009	24,322
5.000	Government of Canada	June 1, 2014	100,971
5.250	Government of Canada	June 1, 2013	114,094
5.750	Government of Canada	September 1, 2006	11,419
5.750	Government of Canada	June 1, 2029	5,885
5.750	Government of Canada	June 1, 2033	129,727
6.000	Government of Canada	June 1, 2011	4,999
6.470	Greater Toronto Airports Auth	February 2, 2034	561
7.000	Greystone Capital Mgmt. Inc.	October 24, 2007	67
	Greystone EAFE Plus Fund	Pooled Fund	3,400
5.672	Hollis Receivables Term Trust	April 26, 2006	1,788
	Home Depot Inc.	U.S. Equity	280
4.200	Household Financial Corp. Ltd.	April 13, 2009	923
5.770	Hydro One Inc.	November 15, 2012	1,074
	Intel Corp.	U.S. Equity	200
	KB Home	U.S. Equity	297
	KBSH Canadian Corporate Bond Fund	Pooled Fund	3,950
	Laboratory Corp. of America	U.S. Equity	643
	Lennar Corp.	U.S. Equity	602
5.400	Loblaw Companies Ltd.	November 20, 2013	902
	Loblaw Companies Ltd.	Canadian Equity	606
	Lowes Cos. Inc.	U.S. Equity	691
	MacDonald Dettwiler & Associates	Canadian Equity	51
	Magna Int'l Inc.	Canadian Equity	4,104
	Manulife Financial Capital Trust	Canadian Equity	1,553
	Masonite Int'l. Corp.	Canadian Equity	2,744
	Meridian Business Centre	Canadian Equity	414
5.750	Mint Air Inc.	June 30, 2019	69
	Mohawk Industries Inc.	U.S. Equity	908
	Molson Inc.	Canadian Equity	4,911
	National Bank	Canadian Equity	665
	Occidental Pete Corp.	U.S. Equity	412
5.570	Ontrea Inc.	April 9, 2013	3,273
	Open Text Corp.	Canadian Equity	349
	Pactiv Corp.	U.S. Equity	1,345
	Patheon Inc.	Canadian Equity	1,166
	Penn West Petroleum Limited	Canadian Equity	8,492
	Petro-Canada	Canadian Equity	9,210
	Pfizer Inc.	U.S. Equity	227
	Piper Jaffray Cos.	U.S. Equity	28
	Potash Corp. of Saskatchewan Inc.	Canadian Equity	1,892

Interest Rate %	Security	Maturity Date	Proceeds
			(thousands of dollars)
	Power Corp. of Canada	Canadian Equity	3,370
	Power Financial Corp.	Canadian Equity	5,735
	Precision Drilling Corp.	Canadian Equity	400
5.750	Province of British Columbia	January 9, 2012	3,705
6.250	Province of British Columbia	December 1, 2009	2,448
6.350	Province of British Columbia	June 18, 2031	3,132
6.375	Province of British Columbia	August 23, 2010	725
5.250	Province of Manitoba	December 3, 2012	2,503
5.500	Province of Manitoba	November 15, 2018	260
10.000	Province of Manitoba	May 15, 2011	1,419
5.875	Province of New Brunswick	December 6, 2012	3,605
6.375	Province of New Brunswick	June 15, 2010	1,405
8.750	Province of New Brunswick	April 19, 2005	1,285
6.550	Province of Newfoundland	October 17, 2030	2,136
5.500	Province of Nova Scotia	March 6, 2006	2,126
3.500	Province of Ontario	September 8, 2006	2,118
4.750	Province of Ontario	June 2, 2013	1,269
5.000	Province of Ontario	March 8, 2014	2,377
5.375	Province of Ontario	December 2, 2012	3,635
5.750	Province of Ontario	September 2, 2009	991
6.100	Province of Ontario	November 19, 2010	2,564
6.100	Province of Ontario	December 2, 2011	5,170
6.200	Province of Ontario	June 2, 2031	3,148
6.500	Province of Ontario	March 8, 2029	4,318
7.600	Province of Ontario	June 2, 2027	1,685
FR	Province of Ontario	May 1, 2006	7,521
5.500	Province of Quebec	June 1, 2009	3,008
6.250	Province of Quebec	December 1, 2010	3,533
6.500	Province of Quebec	December 1, 2006	2,020

Interest Rate %	Security	Maturity Date	Proceeds
			(thousands of dollars)
5.250	Province of Saskatchewan	December 2, 2012	1,338
5.500	Province of Saskatchewan	June 2, 2009	2,516
	Qualcomm Inc.	U.S. Equity	534
4.750	Quebec Finance Corp.	December 1, 2009	1,512
6.250	Quebec Finance Corp.	December 1, 2015	333
5.812	RBC Capital Trust	December 31, 2013	1,924
	Research In Motion Ltd.	Canadian Equity	1,771
5.950	Royal Bank of Canada	June 18, 2014	1,016
FR	Royal Bank of Canada	June 1, 2014	467
	Royal Bank of Canada	Canadian Equity	8,286
	Saputo Inc.	Canadian Equity	190
	Shoppers Drug Mart Corp.	Canadian Equity	733
	SNC-Lavalin Group Inc.	Canadian Equity	1,505
6.150	Sun Life Assurance Co.	June 30, 2012	2,031
7.400	Swift Trust	December 7, 2008	1,863
	Symantec Corp.	U.S. Equity	1,271
	Talisman Energy Inc.	Canadian Equity	1,471
	Teck Cominco Ltd.	Canadian Equity	352
	Telus Corp.	Canadian Equity	2,481
	Transcanada Corp.	Canadian Equity	6,088
5.650	Transcanada Pipelines Ltd.	January 15, 2014	1,438
	Washington Mutual Inc.	U.S. Equity	1,006
5.500	Wells Fargo Financial Canada Corp.	June 15, 2007	1,000
	Westjet Airlines Ltd.	Canadian Equity	398
	Weyburn Square	Canadian Equity	1,067
			$1,000,724

EXHIBIT 3: STATEMENT OF INVESTMENT ACQUISITIONS
(UNAUDITED)

Year ended December 31, 2004

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
			(thousands of dollars)	
	3100 Production Way	Canadian Equity		33
	3M Company	U.S. Equity		812
	410 & 7 Equities Inc.	Canadian Equity		910
	Airways III	Canadian Equity		83
5.000	Alberta Capital Fin Authority	December 2, 2013	70	72
	Alcan Inc.	Canadian Equity		6,423
	Amgen Inc.	U.S. Equity		257
	Anheuser Busch Co. Inc.	U.S. Equity		49
	Apache Corp.	U.S. Equity		239
	ATI Technologies	Canadian Equity		2,807
	Bank of America Corp.	U.S. Equity		379
4.690	Bank of Montreal	January 31, 2011	1,290	1,290
5.750	BC Ferry Services Inc.	May 27, 2014	1,249	1,255
6.250	BC Ferry Services Inc.	October 13, 2034	846	847
6.100	Bell Canada	March 16, 2035	775	772
	Best Buy Inc.	U.S. Equity		47
5.474	BMO Capital Trust	December 31, 2014	1,257	1,257
6.626	BNS Capital Trust	June 30, 2012	315	345
	Brampalea City Centre	Canadian Equity		513
	Bridgeport Road Equities Inc.	Canadian Equity		355
	Brunswick Corp.	U.S. Equity		576
3.750	Canada Housing Trust	March 15, 2010	25,066	25,030
4.100	Canada Housing Trust	December 15, 2008	3,439	3,516
4.650	Canada Housing Trust	September 15, 2009	23,788	24,270
	Canadian Imperial Bank of Commerce	Canadian Equity		10,121
6.320	Canadian Tire	February 24, 2034	1,153	1,152
	Capital One Financial Co.	U.S. Equity		220
	Cardinal Health Inc.	U.S. Equity		106
4.379	Cards II Trust	October 15, 2009	1,093	1,093
4.200	CDP Financial Debentures	July 14, 2008	1,113	1,113
	Church & Dwight Co. Inc.	U.S. Equity		18
	Circle Properties Ltd.	Canadian Equity		2,326
	Citigroup	U.S. Equity		228
	Coach Inc.	U.S. Equity		49
	Colebrook 152 Holdings Inc.	Canadian Equity		1,544
	Conocophillips	U.S. Equity		75
	Cordova Equities Inc.	Canadian Equity		105
	Cott Corp.	Canadian Equity		644
	Doral Financial Corp.	U.S. Equity		571
	Exelon Corp.	U.S. Equity		1,427
	Exxon Mobil Corp.	U.S. Equity		24
	Falconbridge Ltd.	Canadian Equity		4,250
	Federal National Mortgage Association	U.S. Equity		125
	Fedex Corporation	U.S. Equity		137
6.220	Fortisalberta Inc.	October 31, 2034	927	927
	Franklin Resources Inc.	U.S. Equity		1,245
	General Electric Co.	U.S. Equity		71
4.444	Glacier Credit Card Trust	November 20, 2008	563	578
	Glenwood Estates	Canadian Equity		59
4.159	Golden Credit Card	October 15, 2008	624	630
3.000	Government of Canada	December 1, 2005	133,358	134,417
3.000	Government of Canada	June 1, 2006	152,130	152,043
3.250	Government of Canada	December 1, 2006	38,168	38,362
4.250	Government of Canada	September 1, 2008	28,240	28,769
4.250	Government of Canada	September 1, 2009	52,351	52,895
5.000	Government of Canada	June 1, 2014	115,505	117,954
5.250	Government of Canada	June 1, 2013	71,233	75,444
5.750	Government of Canada	June 1, 2029	5,100	5,449
5.750	Government of Canada	June 1, 2033	111,798	121,955
6.000	Government of Canada	June 1, 2011	3,250	3,566
6.470	Greater Toronto Airports Auth	February 2, 2034	1,427	1,427
	Greystone EAFE Plus Fund	Pooled Fund		988
	Harley Davidson Inc.	U.S. Equity		944
	Home Depot Inc.	U.S. Equity		617
4.200	Household Financial Corp. Ltd.	April 13, 2009	1,403	1,402
5.770	Hydro One Inc.	November 15, 2012	923	966
	Ingersoll Rand Co.	U.S. Equity		1,309
	Intel Corp.	U.S. Equity		300
4.375	Int'l Bk. Reconstr. & Dev.	September 28, 2006	2,600	3,463
	ITT Industries Inc.	U.S. Equity		35
	Joy Global Inc.	U.S. Equity		640
	KB Home	U.S. Equity		36
	KBSH Canadian Corporate Bond Fund	Pooled Fund		2,358
	KS Equities Inc.	Canadian Equity		1,414
	Laboratory Corp. of America	U.S. Equity		407
	Lennar Corp.	U.S. Equity		58
	Lowes Cos. Inc.	U.S. Equity		116
	MacDonald Dettwiler & Associates	Canadian Equity		799
5.200	Manitoba Telecom Services	September 27, 2011	1,245	1,244
	Microsoft Corp.	U.S. Equity		181
	Mohawk Industries Inc.	U.S. Equity		86
	Nabors Industries Ltd.	U.S. Equity		245
4.926	National Bank	December 22, 2014	947	947
	Nortel Networks Corp.	Canadian Equity		12,703
	Occidental Pete Corp.	U.S. Equity		58
	Peregrine Equities Ltd.	Canadian Equity		404

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
			(thousands of dollars)	
	Petsmart Inc	U.S. Equity		509
	Pfizer Inc	U.S. Equity		212
	Phelps Dodge Corp	U.S. Equity		591
	Piper Jaffray Cos	U.S. Equity		23
	Potash Corp. of Saskatchewan Inc	Canadian Equity		199
	Praxair Inc	U.S. Equity		83
	Precision Drilling Corp	Canadian Equity		5,924
	Procter & Gamble Co	U.S. Equity		266
5.300	Province of British Columbia	June 18, 2014	1,021	1,048
5.750	Province of British Columbia	January 9, 2012	3,833	4,132
6.250	Province of British Columbia	December 1, 2009	2,251	2,491
5.050	Province of Manitoba	December 3, 2013	2,663	2,690
5.875	Province of New Brunswick	December 6, 2012	4,597	5,030
6.375	Province of New Brunswick	June 15, 2010	1,258	1,373
5.700	Province of Newfoundland	October 17, 2035	1,404	1,397
3.500	Province of Ontario	September 8, 2006	2,111	2,139
4.750	Province of Ontario	June 2, 2013	1,253	1,253
5.000	Province of Ontario	March 8, 2014	3,671	3,730
5.200	Province of Ontario	March 8, 2007	1,050	1,092
5.375	Province of Ontario	December 2, 2012	3,484	3,636
5.500	Province of Ontario	June 2, 2018	1,307	1,369
5.600	Province of Ontario	June 2, 2035	1,639	1,683
5.700	Province of Ontario	December 1, 2008	2,163	2,303
5.750	Province of Ontario	September 2, 2009	1,050	961
5.850	Province of Ontario	March 8, 2033	5,597	5,948
6.100	Province of Ontario	November 19, 2010	2,949	3,275
6.100	Province of Ontario	December 2, 2011	2,949	3,235
6.500	Province of Ontario	March 8, 2029	4,227	4,694
FR	Province of Ontario	May 1, 2006	7,521	7,526
5.250	Province of Quebec	October 1, 2013	3,420	3,512
5.500	Province of Quebec	June 1, 2009	1,543	1,635
6.000	Province of Quebec	October 1, 2012	1,475	1,600
6.250	Province of Quebec	December 1, 2010	1,890	2,033
6.250	Province of Quebec	June 1, 2032	1,390	1,560

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
			(thousands of dollars)	
6.500	Province of Quebec	December 1, 2005	1,929	2,060
	QLT Inc	Canadian Equity		3,586
	Qualcomm Inc	U.S. Equity		83
4.750	Quebec Finance Corp	December 1, 2009	2,835	2,864
	Research In Motion Ltd	Canadian Equity		4,249
	Rogers Communications Inc	Canadian Equity		3,700
	Rona Inc	Canadian Equity		1,951
5.950	Royal Bank of Canada	June 18, 2014	1,587	1,623
FR	Royal Bank of Canada	June 1, 2014	934	926
FR	Royal Bank of Canada	November 4, 2018	880	897
	Shoppers Drug Mart Corp	Canadian Equity		2,021
	Suncor Energy Inc	Canadian Equity		4,385
	Symantec Corp	U.S. Equity		152
	Talisman Energy Inc	Canadian Equity		690
	Teck Cominco Ltd	Canadian Equity		4,478
	Telus Corp	Canadian Equity		6,793
	Templeton Global Equity Trust	Pooled Fund		2,018
	Texas Instruments	U.S. Equity		91
	TJX Companies	U.S. Equity		41
4.540	Toronto Dominion Bank	September 5, 2008	546	566
8.290	Transcanada Pipelines Ltd	February 5, 2026	1,139	1,435
	Tundra Semiconductor Corp	Canadian Equity		1,250
	University Equities	Canadian Equity		81
	US Bancorp Del	U.S. Equity		117
	Victoria Gate	Canadian Equity		159
4.750	Wells Fargo Financial Canada Corp	June 29, 2009	1,038	1,043
	West Fraser Timber Co. Ltd	Canadian Equity		2,030
	Westjet Airlines Ltd	Canadian Equity		908
4.272	York Receivables Trust	July 21, 2008	536	549
			$ 462,397	$ 994,721

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